

**AUDITED FINANCIAL STATEMENT
AND SUPPLEMENTARY INFORMATION**

RILEY COUNTY POLICE DEPARTMENT

December 31, 2014

Reese & Novelly, P.A.
Certified Public Accountants
Manhattan, Kansas

Audited Financial Statement and Supplementary Information

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2014

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REESE & NOVELLY, P.A.

Certified Public Accountants

Rick I. Reese, CPA
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INDEPENDENT AUDITOR'S REPORT

Riley County Law Enforcement Agency Board
Manhattan, Kansas 66502

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of Riley County Police Department (Department), Financial Reporting Entity, (Municipality) as of and for the year ended December 31, 2014, and the related notes to the financial statement (as listed in the table of contents).

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with *Kansas Municipal Audit and Accounting Guide* as described in Note A to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the *Kansas Municipal Audit and Accounting Guides*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note A of the financial statement, the financial statement is prepared by the Riley County Police Department to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note A and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Riley County Police Department as of December 31, 2014 or the changes in its financial position for the year then ended. Further, the Department has not presented a management’s discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statement.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balances of each fund of the Riley County Police Department Financial Reporting Entity, as of December 31, 2014, and their aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note A.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, schedule of regulatory basis receipts and expenditures-agency funds (Schedules 1, 2 and 3 as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement. The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole, on the basis of accounting described in Note A.

Report on Other Financial Information

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The Schedules of Composition of Ending Cash Balances and Fixed Assets, (Schedules A and B as listed in the table of contents), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Composition of Ending Cash Balances is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Composition of Ending Cash Balances is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Fixed Assets has not been subjected to the auditing procedures applied in the audit of the basic financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Reese & Rowley, P.A.

Manhattan, Kansas

August 11, 2015

**FINANCIAL STATEMENT
AND NOTE DISCLOSURES**

**SUMMARY STATEMENT OF RECEIPTS, EXPENDITURES AND UNENCUMBERED CASH
REGULATORY BASIS**

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2014

Funds	Beginning Unencumbered Cash Balance	Prior Year Cancelled Encumbrances	Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Governmental Fund Types:							
General	\$ 801,517		\$ 18,336,877	\$ 18,658,428	\$ 479,966	\$ 397,804	\$ 877,770
Special Purpose Funds:							
Emergency Reserve Fund	700,000				700,000		700,000
Seizure Fund	89,223		44,582	26,514	107,291		107,291
Activity Fund	6,207		11,623	12,240	5,590		5,590
Bears on Patrol	3,484				3,484		3,484
Auxiliary Fund	3,606		3,990	1,114	6,482		6,482
Jail Literacy Fund	360				360		360
Statutory Registration Fund	48,924		20,865		69,789		69,789
Justice Assistance Grant	2,337		20,803	2,337	20,803		20,803
Medical Reimbursement Fund	756,568		186,701	159,344	783,925		783,925
TOTAL SPECIAL PURPOSE FUNDS	1,610,709	-	288,564	201,549	1,697,724	-	1,697,724
TOTAL REPORTING ENTITY	\$ 2,412,226	\$ -	\$ 18,625,441	\$ 18,859,977	\$ 2,177,690	\$ 397,804	\$ 2,575,494

Composition of Cash:

Checking accounts	999,410
Funds held by Riley County Treasurer	1,571,690
Petty cash funds	4,394
Special cash seizures	28,157
FSA Account	14,644
HPL Account	595,661
Fees account	7,480
Inmate account	6,541

TOTAL CASH 3,227,977

Less: Agency Funds per Schedule 3 (652,482)

TOTAL REPORTING ENTITY (EXCLUDING AGENCY FUNDS) \$ 2,575,495

The notes to the financial statement are an integral part of this statement.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2014

NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Riley County Police Department (Department) was chartered January 1, 1974, and operates as a municipal corporation governed by the Riley County Law Enforcement Agency Board. The board consists of seven board members: one Riley County, Kansas (County) commissioner, one City of Manhattan, Kansas (City) commissioner, one appointed member from the County, two appointed members from the City and one alternate appointed member from either the City or the County and the Riley County Attorney. The accounting policies of the Department conform to the cash-basis and budget laws of Kansas (regulatory basis). The following is a summary of the more significant policies:

1. Financial Reporting Entity: The financial reporting entity of the Municipality is comprised of the primary government.

The basic criterion for including a separate governmental entity in the Municipality's financial reporting entity is the financial accountability of the Municipality for the separate entity. The Municipality is financially accountable if it appoints a voting majority of a related municipal entity's governing body and if it either has the ability to impose its will on the related municipal entity or there is a potential for the related municipal entity to provide certain financial benefits to, or impose certain financial burdens on, the primary government. There were no related municipal entities.

2. Regulatory Basis Fund Types: The accounts of the Municipality are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statement in this report, into generic fund types and broad fund categories as follows:

Governmental Funds

The General Fund is the chief operating fund of the Municipality. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Special Purpose Funds are used to account for the proceeds of specific tax levies and other specific revenue sources (other than capital project and tax levies for long-term debt) that are intended for specified purposes. RCPD has the following Special Purpose Funds:

Emergency Reserve, Seizure, Activity, Bears on Patrol, Auxiliary, Jail Literacy, Statutory Registration, Justice Assistance Grant, and Medical Reimbursement

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2014

Agency Funds are used to account for assets held by the municipal reporting entity in a purely custodial capacity (payroll clearing fund, tax collection accounts, etc.). RCPD has the following Agency Funds:

Tax and Fees Account, Special Cash Seizure, Inmate, Flexible Spending Account (FSA), and Self Insurance Health Plan (HPL)

3. Regulatory Basis of Accounting and Departure from Accounting Principles Generally Accepted in the United States of America: The municipal reporting entity prepares the financial statements using *Kansas Municipal Audit and Accounting Guide (KMAAG)* regulatory basis of accounting, which is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas.

The *KMAAG* regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis revenues and regulatory basis expenditures for the fiscal year. Receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a receipt is recorded in the fund receiving cash from another fund, and the expenditure would be charged in the fund from which the transfer is made. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The *KMAAG* regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflow or outflows, other than those mentioned above.

The Municipality has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of generally accepted accounting principles and allowing the municipality to use the *KMAAG* regulatory basis of accounting.

4. Budgetary Information: Kansas statute, K.S.A. 19-4443 require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute) and submitted to the Board of County Commissioners of Riley County and to the governing bodies of each incorporated city within the County. K.S.A. 19-4443 and K.S.A. 79-2929 provide for the following sequence and time table in the preparation and submission of the budget:

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2014

- a. Not less than 10 days prior to submitting such budget, the Municipality shall hold a hearing thereon in accordance with the provisions of K.S.A. 79-2929, and amendments thereto. K.S.A. 79-2929 states that the governing body shall give at least 10 days notice of the time and place of the meeting by publications in a weekly or daily newspaper.
- b. Submission of budget to Board of County Commissioners and to the governing bodies of incorporated cities within the county must be completed on or before the first Monday in July of each year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the Municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A legal operating budget is not required for the following *Special Purpose Funds*:

Seizure fund; Emergency reserve fund; Activity fund; Bears on Patrol; Auxiliary Fund; Special Donation Funds; Medical reimbursement fund; Statutory Fees

Spending in funds, which are not subject to the legal annual operating budget requirement, is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

5. Property Tax: The Riley County Clerk calculates the final tax levy rates necessary to finance the budget subject to any legal limitations. After all budgets have been received and tax rates calculated, the clerk certifies the tax roll to, and prepares tax statements for, the County Treasurer who receives payment. Delinquent tax collections are distributed throughout the year at the County level distributed to the County and City.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2014

6. Reimbursements: The Municipality records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the reimbursement is recorded as a qualifying budget credit in the fund receiving the reimbursement.

NOTE B –STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

1. Amendments to Legal Budgets: There were no amendments to the budget during 2014.

NOTE C—DEPOSITS

As of December 31, 2014, the Municipality has no investments.

K.S.A. 9-1401 establishes the depositories which may be used by the Municipality. The statute requires banks eligible to hold the Municipality's funds have a main or branch bank in the county in which the Municipality is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Municipality has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the Municipality's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The Municipality has no investment policy that would further limit its investment choices. As noted above, the Municipality currently does not have any investments and therefore does not have a rating.

Concentration of credit risk: State statutes place no limit on the amount the Municipality may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial credit risk – deposits: Custodial credit risk is the risk that in the event of a bank failure, the Municipality's deposits may not be returned to it. State statutes require the Municipality's deposits in financial institutions to be entirely covered by federally depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at December 31, 2014.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2014

At December 31, 2014, the carrying amount of the Municipality's deposits, including certificates of deposit, was \$1,656,283 and the bank balance was \$2,311,248. Funds held by the Riley County Treasurer amounted to \$1,571,690. The difference between the carrying amount, exclusive of funds held by the Riley County Treasurer and the bank balance is outstanding checks and deposits in transit. The bank balances were held by two banks but a major portion of the deposits are held by one bank, which does result in a concentration of credit risk. Of the bank balance, \$507,480 was covered by federal depository insurance and remaining \$1,803,768 was collateralized with pledged securities held under joint custody receipts issued by a third-party bank in the Municipality's name. The funds held by the County Treasurer are included as agency funds in Riley County's financial statements, and the risk categories are disclosed in those statements.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

NOTE D—DEFINED BENEFIT PENSION PLAN

Plan description. The Municipality participates in the Kansas Public Employees Retirement System (KPERS) and the Kansas Police and Firemen's Retirement System (KP&F). Both are part a of cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law. KPERS and KP&F provide retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS and KP&F issue a publicly available financial report (only one is issued) that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S Kansas, Suite 100, Topeka, KS 66603-3925) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 and K.S.A. 74-49,210 establishes the KPERS member-employee contribution rate. Effective July 1, 2009, KPERS has two benefit structures and funding depends on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 2, 2009. Kansas law establishes the KPERS member- employee contribution rate at 5% of covered salary for Tier 1 members and at 6% of covered salary for Tier 2 members. K.S.A. 74-4975 establishes the KP&F member-employee contribution rate at 7.15% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. Kansas law provides that the employer contribution rates be determined annually based on the results of an annual actuarial valuation. KPERS and KP&F are funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution rates.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2014

NOTE E—MEDICAL REIMBURSEMENT PLAN- CHANGES TO SELF FUNDED HEALTH INSURANCE PLAN

In the summer of 2003 the Department established a Medical Reimbursement Fund (a Special Revenue Fund) to account for and finance its medical reimbursement plan. Due to the increased costs of health insurance premiums, the Department found it advantageous to purchase a commercial insurance policy for all full-time employees with a higher deductible, and then use the funds in the Medical Reimbursement Fund to pay for fifty percent of the employee's deductible that is incurred each year.

The Department contracted with a carrier in 2012 for health insurance coverage. In 2013, the department began to self-insure and contracted with a carrier to provide administrative services. The carrier arranged coverage and an aggregate and specific stop lost policy from underwriters. The carrier was changed to Blue Cross Blue Shield of KS in 2014 and self-insurance was continued.

The plan specified a \$1,500 deductible (family plan \$3,000) in 2014. Under this medical reimbursement plan the employee was then reimbursed fifty percent of the deductible. The Medical Reimbursement Fund (MRP) also paid for fifty percent of the employee's co- insurance of \$2,500 (single) and \$5,000 (family). The maximum out of pocket expenses for employees are \$4,350 (single) and \$8,700 (family). This includes co-pays, deductible, and co-insurance.

During the 2014 and 2013 years, approximately 179 and 172 employees, respectively, qualified and participated in the plan, therefore the Department had the potential to pay out approximately \$328,000 and \$320,258 in 2014 and 2013, respectively. The total MRP claims paid in 2014 and 2013 were \$61,465 and \$135,940, respectively.

Health Plan cost to the Department was \$1,650,500 and \$1,522,140 in 2014 and 2013, respectively.

NOTE F—OTHER POST EMPLOYMENT BENEFITS

As provided by K.S.A. 12-5040, the Municipality allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the Municipality under this program.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2014

NOTE G—COMPENSATED ABSENCES

The Municipality has a policy regarding paid earned time, sick leave and compensatory absences. Earned time is accounted for in a leave bank which includes but does not differentiate between holiday, personal days, and vacation. Sick leave, injury leave, administrative leave, and compensatory time are not included in the leave bank. The Municipality allows employees to accumulate a maximum of 320 to 488 hours of earned time. Upon termination or resignation from service with the Municipality, employees are entitled to payment of all accrued time accounted for in the leave bank earned prior to termination or resignation. All employees earn and accumulate sick leave at the rate of one working day for each month of service with a maximum carryover of 1,120 hours.

Per the Municipality's policy at December 31, 2014, the Municipality's liability for unused vacation was approximately \$1,312,770.

NOTE H—COMMITMENTS AND CONTINGENCIES

Self Funded Workmen's Comp: In October 2013 the Department made a change in Workers' Compensation Insurance. The Department self-insured all claims \$5,000 and under. The premiums paid in 2014 and 2013 totaled \$544,701 and \$487,269, respectively. The total claims paid under the self-insurance portion in 2014 were \$44,984. The self-insured claims no longer impact the experience modification rate, thus insurance premiums are expected to decrease in future years. The full benefit of this reduction is not expected to be realized until 2017.

Risk Management: The Municipality is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. The Municipality manages these various risks of loss through commercial insurance with varying deductibles. Insurance deductibles include Law Enforcement Liability \$15,000, Employment Practices \$25,000, and all other policies are \$10,000 or less. Insurance claims have not exceeded commercial insurance coverage in any of the past three fiscal years.

Pending Litigation

The Municipality is a defendant in several lawsuits. The ultimate outcome of such litigation is uncertain. Management and legal counsel are also uncertain of any economic impact to the Municipality.

NOTES TO FINANCIAL STATEMENT

RILEY COUNTY POLICE DEPARTMENT

December 31, 2014

NOTE I– TRANSFERS

The Law Board approved the following operating transfers:

<u>FROM</u>	<u>TO</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	Medical Reimbursement	KSA 12-1674	\$ 184,433
Medical Reimbursement	Health Plan	AGENCY FUND	\$ 148,712
General Fund	Health Plan	KSA 12-1674	\$ 1,446,352

NOTE J—MANAGEMENT’S REVIEW OF SUBSEQUENT EVENTS

In preparing these financial statements, the Municipality has evaluated events and transactions for potential recognition or disclosure through August 11, 2015 the date the financial statements were available to be issued.

**REGULATORY-REQUIRED
SUPPLEMENTARY INFORMATION**

**SUMMARY OF EXPENDITURES - BUDGET AND ACTUAL
REGULATORY BASIS
BUDGETED FUNDS ONLY (SCHEDULE 1)**

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2014

<u>Funds</u>	<u>Certified Budget</u>	<u>Adjustment for Qualifying Budget Credit</u>	<u>Total Budget for Comparison</u>	<u>Expenditures Chargeable to Current Year</u>	<u>Favorable (Unfavorable) Variance</u>
Governmental Fund Types:					
General	\$ 18,413,500	\$ 248,506	\$ 18,662,006	\$ 18,658,428	\$ 3,578

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACUTAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)**

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2014

	Budget	Actual	Favorable Unfavorable Variance
Cash Receipts:			
Taxes:			
City of Manhattan	\$ 14,449,680	\$ 14,449,680	\$ -
Riley County	3,612,420	3,612,420	-
TOTAL TAXES	18,062,100	18,062,100	-
Intergovernmental Revenue:			
Grants		25,895	25,895
Charges for services:			
Contract revenues		132,408	132,408
Restitution		5,467	5,467
TOTAL CHARGES FOR SERVICES	-	137,875	137,875
Miscellaneous:			
Reimbursement		100,081	100,081
Copy fees	9,493	10,926	1,433
TOTAL MISCELLANEOUS	9,493	111,007	101,514
TOTAL CASH RECEIPTS	18,071,593	18,336,877	265,284
Expenditures:			
Personnel and employee benefits	16,227,500	14,290,739	1,936,761
Contractual services and other charges:			
Utilities	240,000	266,481	(26,481)
Insurance	225,000	248,599	(23,599)
Professional fees	50,000	38,858	11,142
Education/training/travel	85,000	81,910	3,090
Prisoner food & care	165,000	182,793	(17,793)

See independent auditor's report.

**SCHEDULE OF RECEIPTS AND EXPENDITURES - BUDGET AND ACUTAL
REGULATORY BASIS
GENERAL FUND - (SCHEDULE 2)**

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2014

	Budget	Actual	Favorable Unfavorable Variance
Expenditures - continued			
Community service	7,000	5,219	1,781
Other contractals	345,000	524,276	(179,276)
Vehicle materials and supplies	306,000	253,636	52,364
Uniforms and accessories	55,000	54,862	138
Office supplies	40,000	31,770	8,230
Replenishment supplies	48,000	56,946	(8,946)
Other materials and supplies	10,000	9,488	512
Maintenance and repairs	184,000	269,558	(85,558)
 TOTAL CONTRACTUAL SERVICES AND OTHER CHARGES	 1,760,000	 2,024,396	 (264,396)
 Capital outlay:			
Communications equipment	23,000	3,862	19,138
Guns and crime equipment	38,000	56,759	(18,759)
Office furniture	15,000	9,745	5,255
Office equipment	150,000	427,668	(277,668)
Motor vehicles	200,000	214,474	(14,474)
 TOTAL CAPITAL OUTLAY	 426,000	 712,508	 (286,508)
 Transfers out		1,630,785	(1,630,785)
Qualifying budget credits	248,506		248,506
 TOTAL EXPENDITURES	 18,662,006	 18,658,428	 3,578
 Receipts over (under) expenditures	 (590,413)	 (321,551)	 268,862
 Beginning Unencumbered Cash Balance	 590,413	 801,517	
 Ending Unencumbered Cash Balance	 \$ -	 \$ 479,966	

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
SUMMARY OF NON-BUDGETED SPECIAL PURPOSE FUNDS (SCHEDULE 2)

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2014

	Emergency Reserve Fund	Seizure Fund	Activity Fund	Bears on Patrol	Auxiliary Fund
Cash Receipts:					
Grants	\$	\$	\$	\$	\$
Seizures		44,097			
Licenses, permits and fees					
Interest		485			
Commissions			9,503		
Donations			400		3,990
Miscellaneous			1,720		
Transfers					
TOTAL CASH RECEIPTS	-	44,582	11,623	-	3,990
Expenditures:					
Personnel and employee benefits					
Contractuals and other charges		23,302	12,240		511
Materials and supplies					603
Capital outlay		3,212			
Transfers out					
TOTAL EXPENDITURES	-	26,514	12,240	-	1,114
Receipts over (under) expenditures	-	18,068	(617)	-	2,876
Beginning unencumbered cash balance	700,000	89,223	6,207	3,484	3,606
Ending Unencumbered Cash Balance	<u>\$ 700,000</u>	<u>\$ 107,291</u>	<u>\$ 5,590</u>	<u>\$ 3,484</u>	<u>\$ 6,482</u>

See independent auditor's report.

SCHEDULE OF RECEIPTS AND EXPENDITURES
REGULATORY BASIS
SUMMARY OF NON-BUDGETED SPECIAL PURPOSE FUNDS (SCHEDULE 2)

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2014

	Jail Literacy Fund	Statutory Registration Fund	Justice Assistance Grant	Medical Reimbursement Fund
Cash Receipts:				
Grants	\$	\$	\$ 20,792	\$
Seizures				
Licenses, permits and fees		20,626		
Interest		239	11	2,268
Commissions				
Donations				
Miscellaneous				
Transfers				184,433
TOTAL CASH RECEIPTS	-	20,865	20,803	186,701
Expenditures:				
Personnel and employee benefits				10,632
Contractuals and other charges				
Materials and supplies				
Capital outlay			2,337	
Transfers out				148,712
TOTAL EXPENDITURES	-	-	2,337	159,344
Receipts over (under) expenditures	-	20,865	18,466	27,357
Beginning unencumbered cash balance	360	48,924	2,337	756,568
Ending Unencumbered Cash Balance	<u>\$ 360</u>	<u>\$ 69,789</u>	<u>\$ 20,803</u>	<u>\$ 783,925</u>

See independent auditor's report.

SUMMARY OF RECEIPTS AND DISBURSEMENTS
REGULATORY BASIS
AGENCY FUNDS - (SCHEDULE 3)

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2014

<u>Funds</u>	<u>Beginning Cash Balance</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Cash Balance</u>
Tax and Fees Account	\$ 8,899	\$ 32,806	\$ 34,225	\$ 7,480
Special Cash Seizure Fund	22,280	16,075	10,199	28,156
Inmate fund	6,045	233,400	232,904	6,541
Flexible Spending Account	29,676	157,096	172,128	14,644
Self Insured Health Plan	36,878	2,114,188	1,555,405	595,661
TOTAL AGENCY FUNDS	\$ 103,778	\$ 2,553,565	\$ 2,004,861	\$ 652,482

See independent auditor's report.

OTHER FINANCIAL INFORMATION

SCHEDULE A - COMPOSITION OF ENDING CASH BALANCES

RILEY COUNTY POLICE DEPARTMENT

Year Ended December 31, 2014

RILEY COUNTY POLICE DEPARTMENT

Checking accounts:

Kansas State Bank - Special activity	\$ 20,916	
Kansas State Bank - Justice Assistant Grant	20,803	
Kansas State Bank - Medical reimbursement	783,925	
Kansas State Bank- Statutory Account	69,789	
Kansas State Bank - Drug seizure	103,977	
Kansas State Bank - Flexible Spending Acct	14,644	
Kansas State Bank - Health Plan	<u>595,661</u>	
		1,609,715

Funds held by Riley County Treasurer 1,571,690

Petty cash funds:

Investigation fund	3,314	
Record drawer	80	
Petty cash	<u>1,000</u>	
		<u>4,394</u>

3,185,799

SPECIAL CASH SEIZURE FUND

Checking accounts:

Kansas State Bank	5,796	
Kansas State Bank	5,935	
Kansas State Bank	101	
Kansas State Bank	<u>16,325</u>	
		28,157

FEES ACCOUNT FUND

Checking account:

Landmark National Bank	7,480
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INMATE FUND

Checking accounts:

Kansas State Bank	<u>6,541</u>
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TOTAL CASH BALANCES

\$ 3,227,977

See independent auditors' report.

SCHEDULE B - SCHEDULE OF FIXED ASSETS - (UNAUDITED)**RILEY COUNTY POLICE DEPARTMENT****December 31, 2014**

The Department's fixed assets are used in the performance of general departmental operations. Fixed asset valuations are based partially upon original cost. Depreciation of fixed assets is not recognized. The value of the assets obtained through donation or seized property is not recognized as income on the financial statements until the asset is sold.

The summary of fixed asset additions for the year ended December 31, 2014 is as follows:

	General Fund	Seizure Fund	Revenue Source Federal Revenue	Total Additions
Communications equipment	\$ 7,857			\$ 7,857
Guns and crime equipment	23,774			23,774
Furniture	14,560			14,560
Office equipment	414,280			414,280
Motor vehicles	227,511			227,511
Other				-
TOTAL ADDITIONS	\$ 687,982	\$ -	\$ -	\$ 687,982

	Balance, January 1, 2014	Additions	Disposals and Corrections	Balance, December 31, 2014
Communications equipment	\$ 460,090	\$ 7,857	\$ (59,549)	\$ 408,398
Guns and crime equipment	735,950	23,774	(205,585)	554,139
Furniture	302,426	14,560	(63,859)	253,127
Office equipment	1,563,053	414,280	(341,617)	1,635,716
Motor vehicles	1,963,682	227,511	(148,485)	2,042,708
Other	1,347	-	(1,347)	-
TOTAL FIXED ASSETS	\$ 5,026,548	\$ 687,982	\$ (820,442)	\$ 4,894,088

A summary of the financing sources of fixed assets at December 31, 2014 is as follows:

General fund	\$ 3,699,809
Seizure fund (special revenue)	304,511
Federal revenues	811,516
State revenues	501
Concealed Carry/Offender	16,473
Seized/donated/cc/non-government	61,278
TOTAL ASSETS BY REVENUE SOURCE	\$ 4,894,088

Unaudited